



Republican Policy Committee

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Since When Does Spending MORE Mean "Cut"?

The Balanced Budget Reconciliation Bill: Taking the Hype Out of Clinton's Hypocrisy

The President has been "hying" claims about "cuts" in Congress' Balanced Budget Reconciliation bill that will, according to the Congressional Budget Office (CBO), produce a balanced budget for the first time in 33 years. Perhaps he's continuing with these tall tales to deflect attention from the fact that he himself has not been able to produce a budget that gets within \$200 billion of balance after 1997. Whatever the reason, if we can't take the hypocrisy out of the White House, maybe we can at least take the "hype" out of its hypocrisy by displaying the CBO-certified facts behind the Senate-passed reconciliation bill.

Clinton's Attacks

"This week the Republican Congress voted to enact an extreme budget that . . . cuts \$450 billion out of the health care system . . ."

(President's Weekly Radio Address, October 28, 1995 [emphasis added])

"There's a lot of extreme ideology going on here, that is driving [the Republican-led Congress], under the guise of balancing the budget, to make cuts that will undermine the ability of our nation to honor its commitment . . ."

(White House Press Conference, October 25, 1995 [emphasis added])

CBO's Facts

- Our budget balances. The President's never does.

— On October 18, CBO Director June E. O'Neill wrote to Budget Committee Chairman Domenici, "CBO projects that enactment of the reconciliation legislation submitted to the Budget Committee would produce a small budget surplus in 2002."

— In August 3 testimony before the House Budget Committee, Director O'Neill said, "CBO estimates that the President's July budgetary plan would hold the total deficit to about \$200 billion a year. . ."

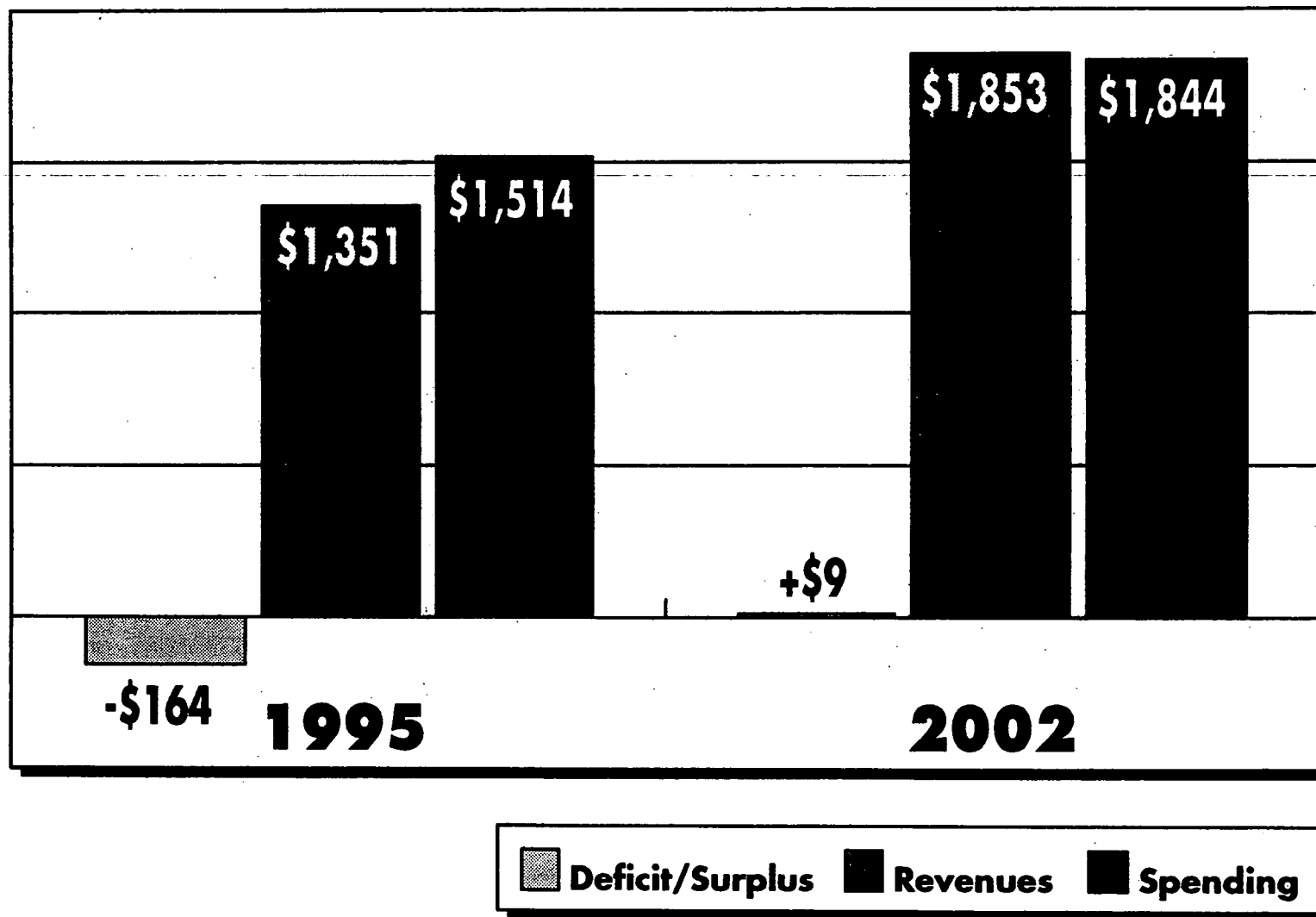
- It balances by allowing revenues to grow faster than outlays. **Revenues will grow** in each of our budget's seven years and go from \$1.351 trillion in 1995 to \$1.853 trillion in 2002.
- It balances by **slowing the rate of overall spending growth**, not by cutting it. Total outlays will grow in each of our budget's seven years and go from \$1.514 trillion in 1995 to \$1.844 trillion in 2002.
- It balances while allowing **spending in the following social programs to increase**:
 - **Medicare** spending will **grow** from \$178 billion in 1995 to \$286 billion in 2002 — 61 percent higher.
 - **Medicaid** spending will **grow** from \$89 billion in 1995 to \$125 billion in 2002 — 41 percent higher.
 - **Total welfare** spending will **grow** from \$184 billion in 1995 to \$254 billion in 2002 — 38 percent higher.
 - **Food stamp** spending will **grow** from \$26.3 billion in 1995 to \$38 billion in 2002 — 45 percent higher.
 - **Supplemental Security Income (SSI)** will **grow** from \$24.3 billion in 1995 to \$41.1 billion in 2002 — 69 percent higher.
 - **Earned Income Credit (EIC)** spending will **grow** from \$17.3 billion in 1995 to \$21.1 billion in 2002 — 22 percent higher.
 - **Foster care** spending will **grow** from \$3.5 billion in 1995 to \$6.5 billion in 2002 — 86 percent higher.

Since the President has been so busy re-evaluating his own proposals — his FY 1996 budget that he later deemed too expensive, his welfare reform plan that he now has deemed too weak, and his 1993 tax increase that he now deems too large — perhaps he now will be willing to re-evaluate the Congress's reconciliation bill . . . in light of the facts.

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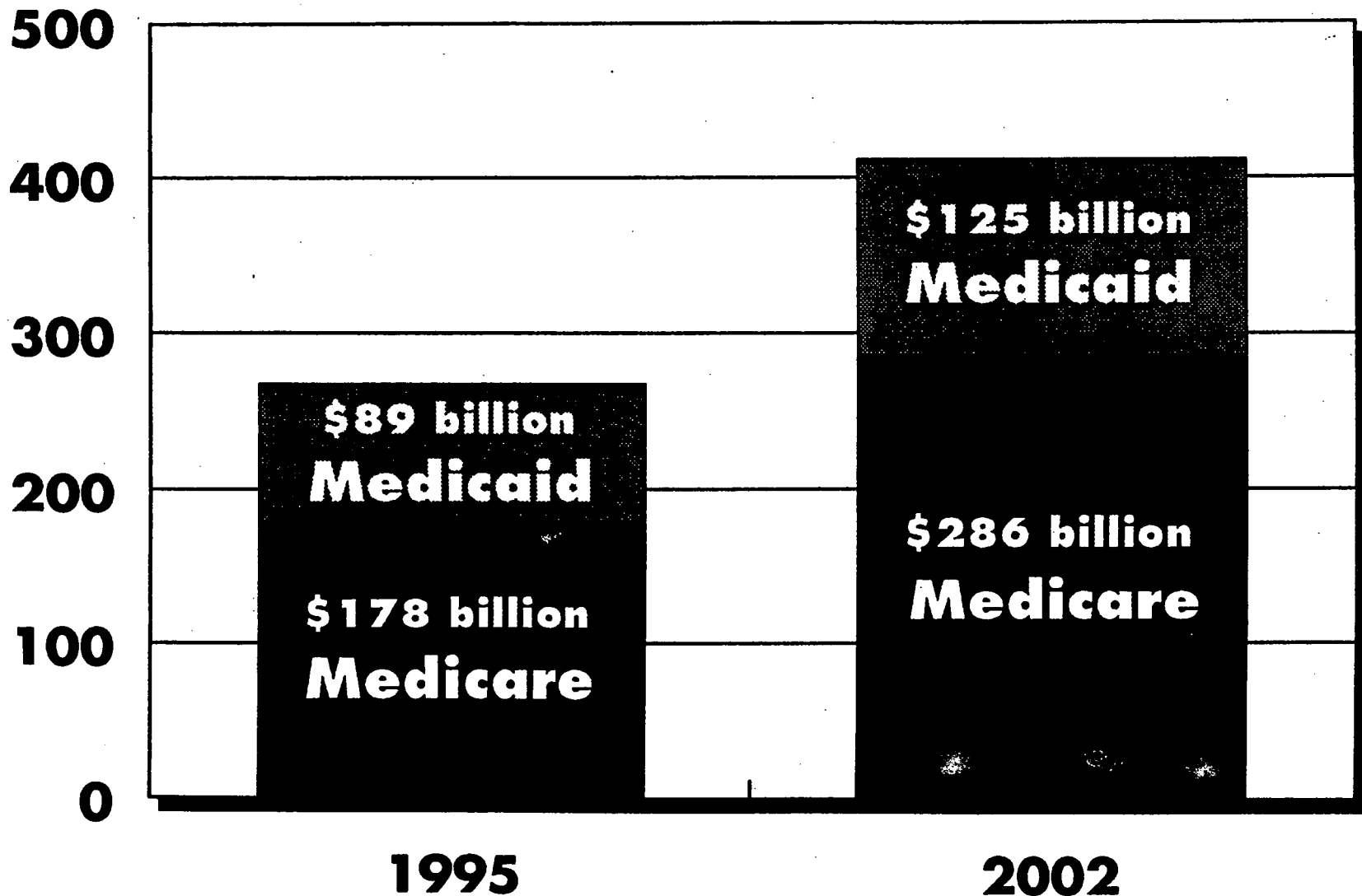
Senate-Passed Balanced Budget Plan

Revenues & Spending Grow, Deficits Don't



Source: CBO, Dollars in billions

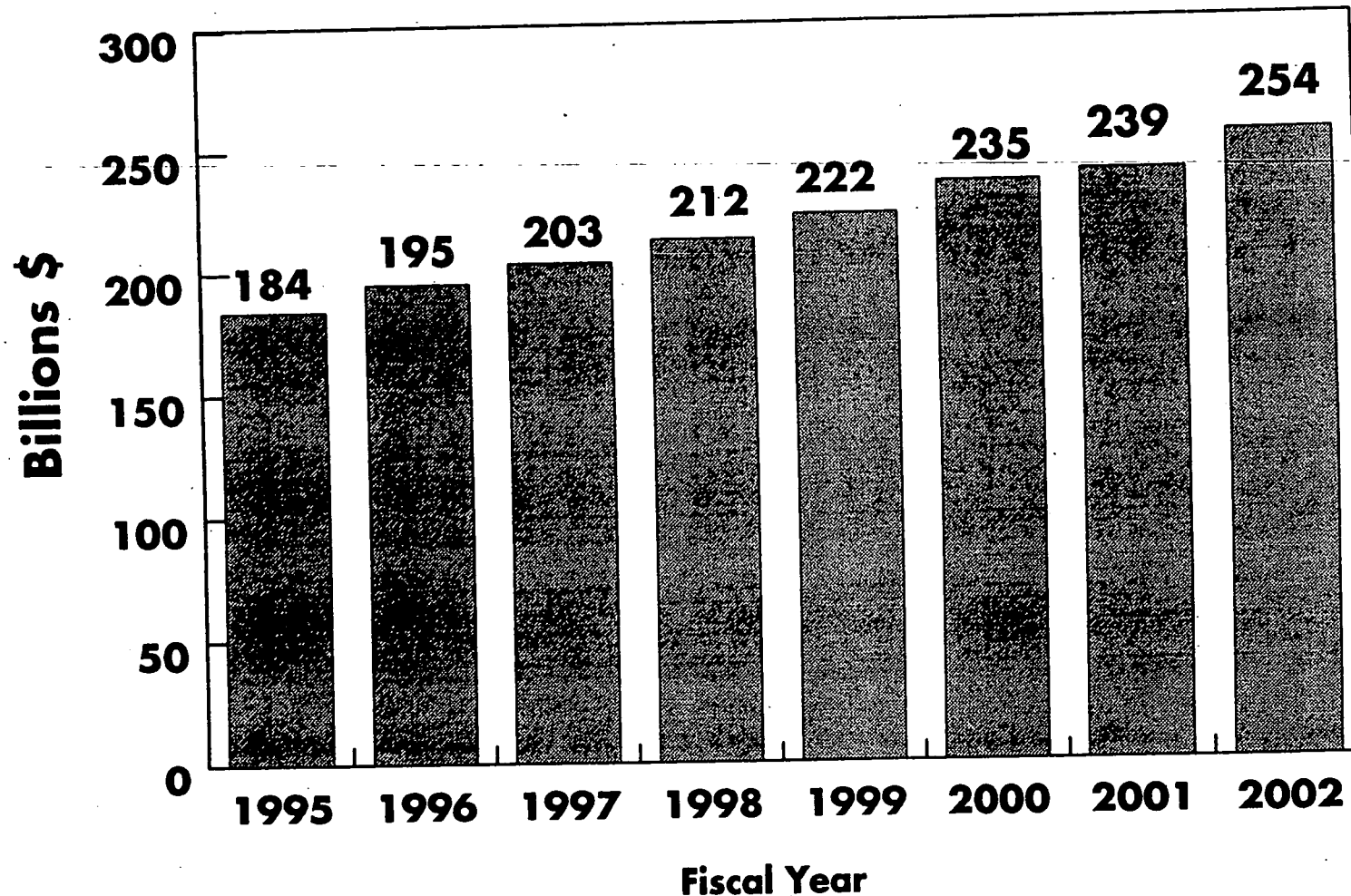
Republican Medicare & Medicaid Spending



Source: CBO, Dollars in billions

Welfare Spending in Republican Budget

Total Spending Increases \$70 Billion

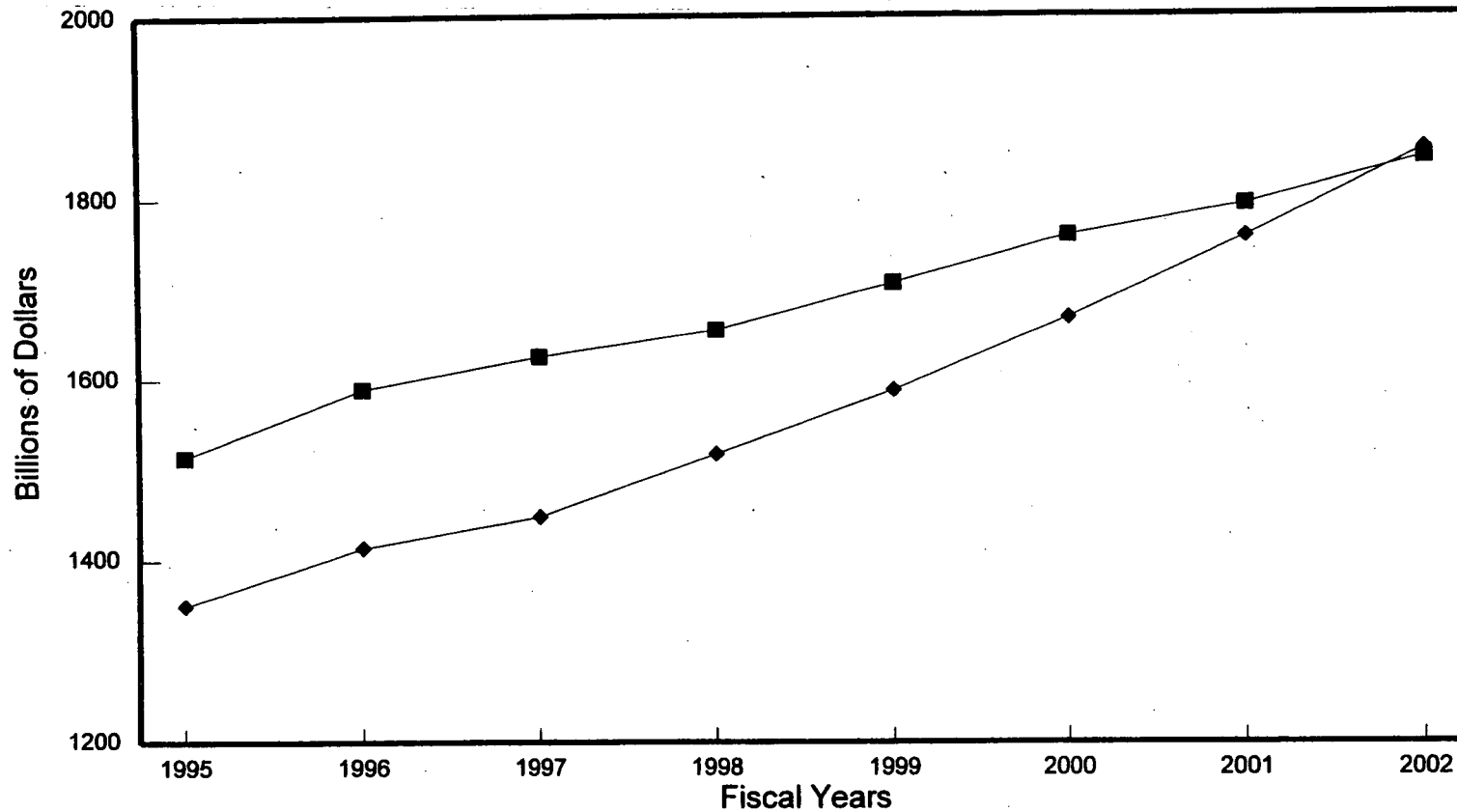


Welfare Spending is funding for Child Nutrition, AFDC/CC, EIC, Food Stamps, SSI and Medicaid

Source: CBO, Dollars in billions

Balanced Budget Plan

Total Outlays and Revenues



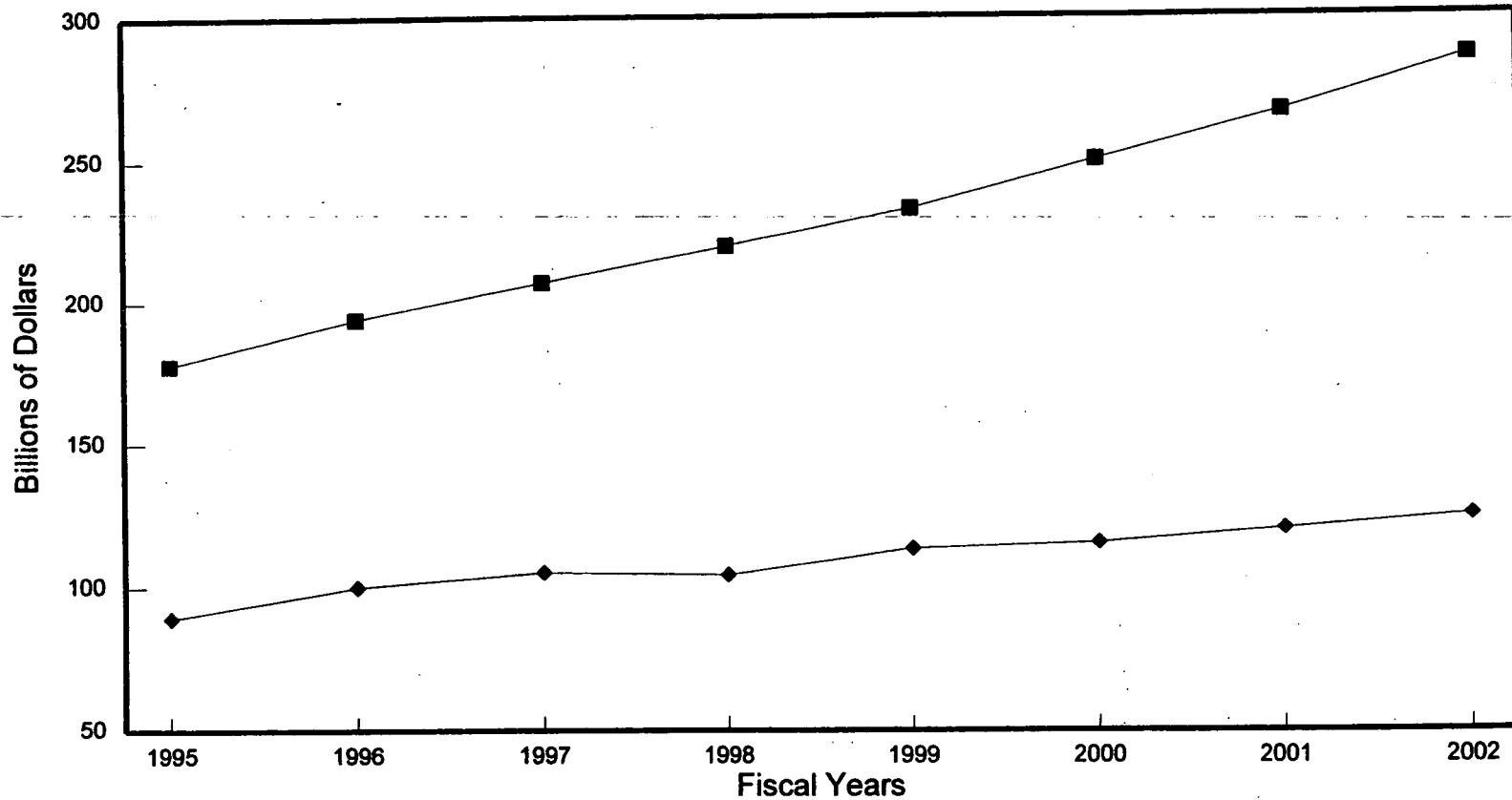
Source: CBO

■ Total outlays ◆ Revenues

	1995	1996	1997	1998	1999	2000	2001	2002
Total outlays	1,514	1,589	1,625	1,654	1,706	1,758	1,793	1,844
Revenues	1,351	1,414	1,448	1,517	1,587	1,667	1,757	1,853

Medicare and Medicaid

Projected Spending Under Senate Reconciliation



Source: CBO

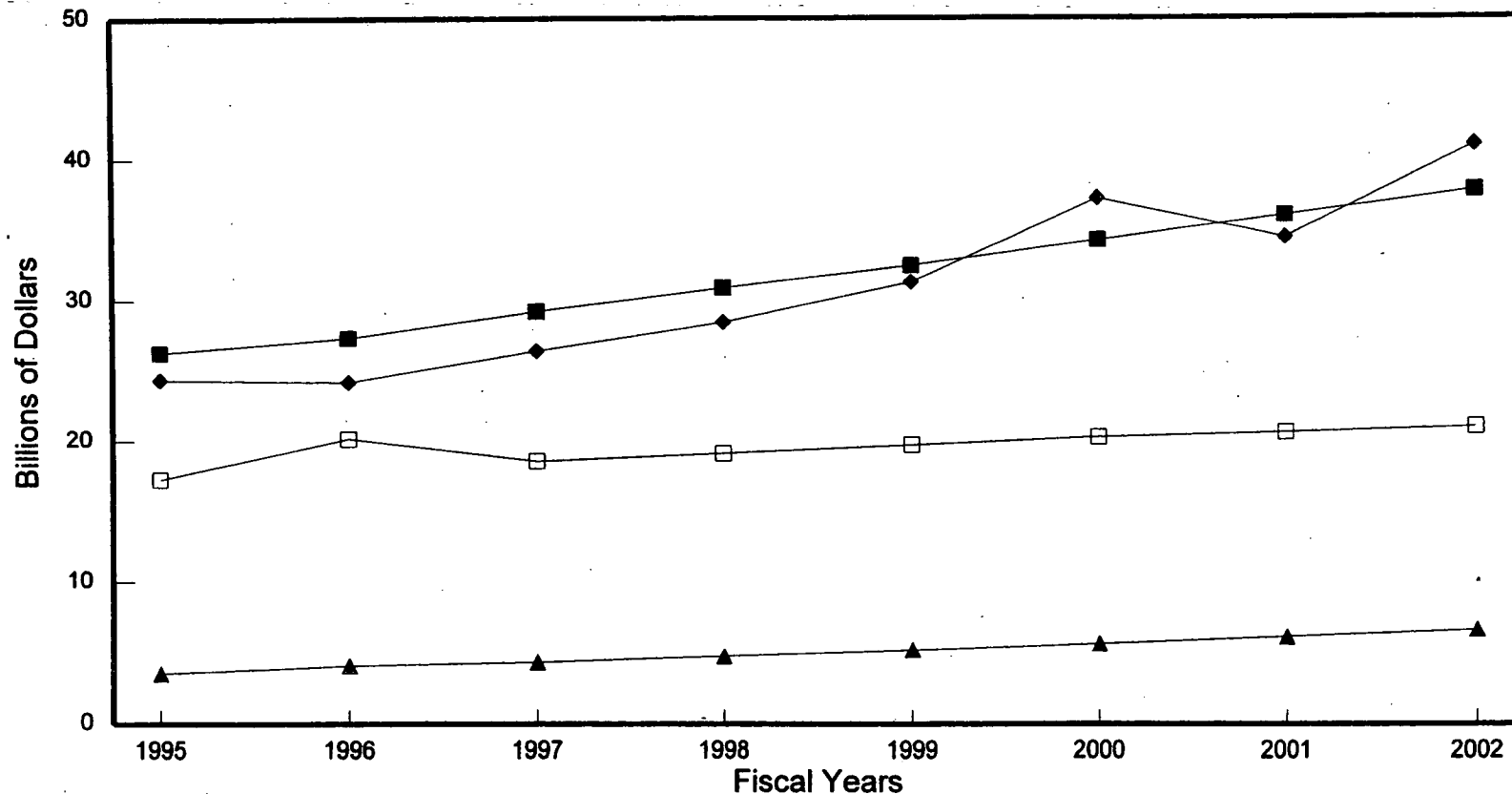
■ Medicare ♦ Medicaid

Medicare
Medicaid

	1995	1996	1997	1998	1999	2000	2001	2002
Medicare	178	194	207	220	233	250	267	286
Medicaid	89	100	105	104	113	115	120	125

Selected Welfare Programs

Projected Spending Under Senate Reconciliation



Source: CBO

■ Food Stamps ♦ SSI ▲ Foster Care □ EIC (outlay portion)

	1995	1996	1997	1998	1999	2000	2001	2002
Food Stamps	26	27	29	31	33	34	36	38
SSI	24	24	26	28	31	37	35	41
Foster Care	4	4	4	5	5	6	6	7
EIC (outlay portion)	17	20	19	19	20	20	21	21